



THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD**

BOARD REPORT

	REPORT NO.: 2013-20
MEETING DATE: MARCH 28, 2013	DATE PREPARED: FEBRUARY 4, 2013
SUBJECT: ROYAL EDWARD ARMS LEASE EXPIRATION	

RECOMMENDATION

THAT with respect to Report No. 2013-20 (Client Services Division), we, The District of Thunder Bay Social Services Administration Board, approve the tenant placement plan, pertaining to relocation of tenants upon the expiry of the Royal Edward Arms lease agreement July 31, 2015, as attached to Report No. 2013-20.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with information pertaining to relocating the 64 tenants currently placed under the Rent Supplement Program at the Royal Edward Arms (REA).

BACKGROUND

The City of Thunder Bay Non Profit Housing Board of Directors passed a resolution in 1984 to investigate the feasibility of converting the Royal Edward Hotel into residential housing. The City of Thunder Bay as the building owner was enlisted for support of the venture. As per The Corporation of the City of Thunder Bay resolution dated July 23rd, 1985 the said lease terms were approved:

"THAT subject to council approval of the City of Thunder Bay Non-Profit Housing Corporation plans to convert the Royal Edward Hotel, the lands on the North side of George Street to be leased to the said Corporation on the following terms:

- 1. That the lease be for the term of thirty (30) years paying to the City \$1.00 per year for the first (15) years \$20,000 per year for years 16 to 20 and \$25,000 per year for the final ten (10) years of the Lease.*

2. *That during the term of the said Lease all rates, taxes, assessments, capital expenses and any other costs shall be the responsibility of the Lessee.*
3. *Upon termination of the Lease, all capital improvements shall become the property of the City.*

Whereas a certain Lease dated July 10, 1985, between the Lessor and the Lessee, authorized by By-law Number 268-1985 of the Lessor, has been entered into between the Lessor and the Lessee."

As per the Rent Supplement agreement responsibilities for terminating the agreement fall under point 5 Section 6 pertaining to 60 days notice for deleting a unit(s).

5. RESPONSIBILITIES TBDHC'S

- 1 Notwithstanding the payments made by the TBDHC pursuant to this Agreement, the normal relationship between landlord and tenant shall exist between the Owner and the Rent Supplement Tenant.
- 2 The TBDHC shall not be responsible to the Owner for any breach of or failure by a Rent Supplement Tenant to observe any of the terms of his lease with the Owner, including the covenant to pay rent.
- 3 The sole responsibility of the TBDHC to the Owner shall be limited to the payments required pursuant to this Agreement.
- 4 It is understood, for the purpose of this Agreement, that the TBDHC is not a tenant.
- 5 Any information collected by TBDHC pursuant to this Agreement is subject to the rights and safeguards provided for in the MFIPPA.
- 6 Notwithstanding any other provision of this Agreement, on sixty (60) days notice, may add or delete units from the list set forth in Schedule "A" and this Agreement shall thereupon apply only to such Units as are then included in Schedule "A" as so amended. If all Units have been deleted from Schedule "A" as aforesaid, then this Agreement shall terminate and be of no further force and effect.

Funding for the conversion of the REA was obtained through the Ministry of Municipal Affairs & Housing (a Convert to Rent loan), Corporation of the City of Thunder Bay (capital advance), Ministry of Culture and Recreation (heritage grant), Ministry of Northern Affairs (special grant) and from CMHC (RRAP grant). To date the building continues to be funded under the Rent Supplement program.

This report was reviewed at the Social Housing Committee on March 13, 2013, and a resolution was passed recommending it be submitted to the Board for consideration.

COMMENTS

As of January 31, 2013, 61 units were occupied. There are 5 tenants with dependents, 6 seniors and 50 singles with 3 vacant units (1 on notice to vacate for February 2013). Currently 4 tenants have been identified as having mobility issues. The Royal Edwards Arms café is also located on the first floor of the building. The café is currently in lease negotiations with Thunder Bay District Housing Corporation. The current lease agreement is month to month.

As per the TBDSSAB's current Service Level Standards, the 64 unit building will need to be replaced with 60 units. Obtaining the new units will be met through new Rent Supplement Agreements. Currently, Thunder Bay District Housing Corporation is in negotiations with Habib Enterprises Inc. to obtain additional units at McKellar Place and Habib Enterprises IAH – Affordable Housing Project. New Rent Supplement landlords will continue to be approached to help fill vacancies. Possible analysis of retrofitting of a current building or building a new complex will need to be examined in the future.

Through 2012 the REA had a total of 24 vacant units. These vacancies were related to tenants giving notice to vacate, tenants leaving without notice, evictions, and transfers. In reviewing vacancy trends approximately 20 tenants per year will vacate through natural progression. Commencing May 2013 and for a 25 month period, tenant vacancies will no longer be replaced with new applicants from the centralized waitlist. Over this 25 month period current tenants will continue to be treated in the same manner. However, an increased emphasis will be placed on the transfer process with all current tenants being relocated by May 2015. Transferring of individuals with mobility issues is a priority. The level of accessibility within the REA building and apartment units is not providing full quality of life for tenants in need. The current bathrooms do not comply with Accessibility for Ontarians with Disabilities Act (AODA) standards. The back entrance (parking lot side) of the building does have a handicapped accessible hydraulic lift. However, for tenants to utilize it a key upon request is required. Currently the front entrance (May Street side) cannot be retrofitted for accessibility as the access would interfere with the sidewalk.

As of January 31st, 2013 the Internal Transfer List holds 18 current REA tenants requesting relocation. Offers for relocation have been made to 2 of these tenants, currently pending acceptance. In January 2013 a review of the centralized waitlist was completed and 7 seniors are currently identified, 5 families and 39 singles with 18 of the singles willing to take bachelor units at the REA. However, even with 51 applicants on the current waitlist units still remain vacant for approximately two or more months. Units require extra repairs at this location, and even with applicants identifying REA as a possible location of choice, once offered, refusals are still made.

FINANCIAL IMPLICATIONS

The estimated 2012 operating deficit for the REA is \$234,800, contributing to an accumulated deficit of \$228,700. A further \$292,300 deficit has been projected in the 2013 Budget. The project received \$453,600 in rent supplement subsidy from the TBDSSAB in 2012.



The estimated balance in the REA Capital Reserve Fund (CRF) at the end of 2012 is \$241,400. The 2013 budget includes a contribution to the CRF of \$10,300. A significant increase to the annual CRF contribution would be required to cover future capital repairs and replacements. This would further add to the annual projected deficit.

CONCLUSION

It is concluded that the tenants of the Royal Edward Arms will be relocated through natural transitions, transfers and proper tenant placement on or before May 31, 2015. The building will be fully vacant by May 31st, 2015 so that the maintenance department has the ability through June and July to complete repairs that may be required under the terms of lease with the City.

REFERENCE MATERIALS ATTACHED

None

PREPARED BY:	Crystal Simeoni, Supervisor Housing Portfolio Client Services Division The District of Thunder Bay Social Services Administration Board
APPROVED / SIGNATURE:	 Terry Flaherty, Acting Director – Client Services Division The District of Thunder Bay Social Services Administration Board
SUBMITTED / SIGNATURE:	 William Bradica, CGA, Acting Chief Administrative Officer The District of Thunder Bay Social Services Administration Board